

The Perplexing Policy Status of the Simpson-Bowles Fiscal Package

A Case Study Analysis

Prepared for: The Committee for a Responsible Federal Budget

Prepared by: Emma K. Tessier

Master of Public Policy Candidate

The Sanford School of Public Policy

Duke University

Faculty Advisor: Mac McCorkle

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Executive Overview

The Committee for a Responsible Federal Budget (CRFB) is a bipartisan, non-profit, non-governmental organization committed to education and promotion of a responsible budget process. CRFB is currently working on the Moment of Truth Project promoting the Simpson-Bowles report from the National Commission on Fiscal Responsibility and Reform. In support of CRFB I have put together a report to (1) establish how the fiscal commission developed the Simpson-Bowles policy package, (2) understand how the media framed the package and how it affected public opinion, and (3) use John Kingdon's garbage can model to question whether Simpson-Bowles has a policy future.

Section I: A "Legislative" History on the Simpson-Bowles Package (Page 6)

In this section I trace the fiscal commission from its start in February 2010 through the final vote in December. I discuss the varied expectations for the commission, their structure and sources of policy ideas, how they negotiated with outside groups and commission members, the reasoning behind members' votes, the immediate criticism Simpson-Bowles received, and what has changed since 2010. While this section doesn't draw any conclusions, it analyzes where the policy ideas came from, discusses the different players who had a stake in the outcome, and highlights the key decisions and how they were made.

Section II: The Media Framing of the Simpson-Bowles Package (Page 16)

The press often refers to Simpson-Bowles in broad, vague, or even misleading terms. This section discusses how the package was framed by the media and the general consensus among newspapers across the country. I look at editorials from regional newspapers and compare their content to coverage in the New York Times or Washington post. My analysis shows that Simpson-Bowles was received well by the media, and was lauded as "good government" and unlikely compromise. However, it also warns that by not educating the public on the content of the proposals in the package, the "good government" argument may break down.

Section III: The Public Response to the Simpson-Bowles Package (Page 21)

In conjunction with the media analysis, I look at public polling data on Simpson-Bowles to measure the public's response. The data help inform whether the discussion surrounding the package has caused a shift in overall public awareness for fiscal problems as well as the most effective ways of discussing particular elements of the package. For example, support for proposed changes in Social Security and Medicare were low, but when packaged with other ideas (such as closing tax loopholes) or qualified by protecting lower-income groups levels of support increased significantly. This section highlights the importance of question specificity when gauging public opinion.

Section IV: The Simpson-Bowles Package & the Policy Stream: Are They Still Alive? (Page 25)

The public narrative, as seen in the media and public response, tells a mixed story. The current state, and future, of the Simpson-Bowles package appears uncertain at best. Nevertheless, there is reason to believe that the package is still viable. In this section I apply John Kingdon's garbage can model to the Simpson-Bowles package, and show how the policy may still be alive. This model says that problems, policy ideas, and politics exist as three independent processes, but you don't see real action until all three come together. Meanwhile, ideas are in the garbage can waiting until the right time. Today our fiscal problems still exist, and Simpson-Bowles may be the go-to policy plan, but the package has yet to earn the political endorsements needed to move it forward.

Section V: Simpson-Bowles: Lessons Learned (Page 30)

- Simpson-Bowles lost traction because it lacked political support. In the future, support from Congressional leadership and especially the President would help the package.
- The media generally support Simpson-Bowles as centrist and a meaningful compromise, but also have not educated the public on the content. The package's critics may eventually break through the "good government" frame.
- As policy tradeoffs are introduced and discussed, support for the whole package increases. Simpson-Bowles needs to be discussed specifically and holistically.

Policy Question & Background on Simpson-Bowles: Process & Content

Project Overview & Policy Questions

In December 2012, Ezra Klein wrote in the Washington Post that Simpson-Bowles “occupies strange territory in Washington.” He summarizes his point saying: “Almost every politician professes to admire it, almost none of them are willing to vote for it, and almost none of its supporters know what's in it.”¹ This paper starts to make sense of this essential question: what explains the perplexing policy status of the Simpson-Bowles fiscal package?

This case study reviews the media’s coverage and framing of the package, the public’s response, the political climate, and key decisions made along the way. The goal is to accurately describe the entire process behind and content of the proposal, and tie together what political science tells us with what happened in the media, public, and political sectors.

The project traces the development and considers the possible future of the Simpson-Bowles fiscal reform proposal. What happened to the Simpson-Bowles proposals, and why? How did the media frame the proposals, and did it affect public opinion? How did lawmakers interpret and understand the Simpson-Bowles package and its elements? Is the package dead, or does Simpson-Bowles still have a future?

The Fiscal Problem

In response to the increasing federal debt and deficit, President Obama formed The National Commission on Fiscal Responsibility and Reform. The idea for a Commission originated with the efforts Senator Kent Conrad (D-ND) and Senator Judd Gregg (R-NH) to form a Congressional Task Force addressing the nation’s fiscal problems.

In December of 2009, Senate Budget Committee Chairman Kent Conrad (D-ND) and Ranking Member Judd Gregg (R-NH) introduced a bill to form a “Bipartisan Task Force for

¹ Ezra Klein, “11 Shocking, True Facts about Simpson-Bowles,” *Washington Post*, accessed April 18, 2014, <http://www.washingtonpost.com/blogs/wonkblog/wp/2012/12/04/11-shocking-true-facts-about-simpson-bowles/>.

Responsible Fiscal Action.”² In January of 2010, their proposal received a vote in the Senate.³ Seven of the bill’s original cosponsors, including Senators McCain (R-AZ), Inhofe (R-OK), and future Fiscal Commission Member Crapo (R-ID), voted against it. These members, all Republicans, were threatened with primary challengers.⁴ After the losing Senate vote, the President announced an Executive Commission as an alternative approach.⁵ The Presidential Commission moved the initiative forward, yet it lacked the enforcement mechanisms that the congressional proposal had included. Specifically, it would now require more support to bring a commission package to a vote in Congress.

In early 2010 spending as a percentage of GDP was at its highest since WWII (approximately 24%). Tax revenues were the lowest since 1950 (approximately 15%).⁶ As a result, the annual deficit and long-term debt was continuing to grow. Many fiscal experts argued that the path was unsustainable. The national debt had risen from 33% of GDP to 62% of GDP in the nine years leading up to the creation of the National Fiscal Commission.⁷

With less revenue coming in but more demand for safety net programs, the economic recession put heavier burdens on federal spending. Despite this added pressure, the economic recession was not the only, or even primary, cause of fiscal stress, and those involved in the creation of the Fiscal Commission worried that economic recovery would not resolve the fiscal challenges. They argued that, according to CBO projections, the rate of government spending would cause the debt held by the public to reach nearly 70% of GDP by 2020.⁸

² Kent Conrad, “S.2853 - 111th Congress (2009-2010): Bipartisan Task Force for Responsible Fiscal Action Act of 2009,” legislation, December 10, 2009, <http://beta.congress.gov/bill/111th-congress/senate-bill/2853>.

³ Kent Conrad, “S.Amdt.3302 to S.Amdt.3299 to H.J.Res.45 - 111th Congress (2009-2010) | Congress.gov | Library of Congress,” legislation, January 26, 2010, <http://beta.congress.gov/amendment/111th-congress/senate-amendment/3302>.

⁴ Kent Conrad, April 7, 2014.

⁵ Congressional Staff, April 4, 2014.

⁶ The National Commission on Fiscal Responsibility and Reform, *The Moment of Truth*, 2010.

⁷ Ibid.

⁸ The Congressional Budget Office, *Federal Debt and Interest Costs*, December 14, 2010.

Development of the Fiscal Commission

In February 2010, President Obama signed an Executive Order creating The National Commission on Fiscal Responsibility and Reform.⁹ He appointed former Senator Alan Simpson (R-WY) and former Clinton White House Chief of Staff Erskine Bowles (D-NC) to co-chair the Commission. The Commission worked with budget experts, congressional offices, private sector, and union leaders on proposals to fix the fiscal challenges facing the country. If the final report had earned at least 14 of 18 votes, the package would have gone to Congress for an up or down vote. But in December 2010, the proposal received only 11 votes on the Commission.¹⁰

The political climate influenced both the way President Obama set up the Commission and made it difficult to get 14 votes. The House and Senate Majority and Minority leaders appointed twelve Members of Congress, six from each legislative chamber divided equally between political parties. The President appointed the remaining six members, including the co-chairs (see Appendix A). In requiring a super-majority of 14 votes, this structure ensured that any proposals passed by the commission would have significant bipartisan support.¹¹

The Simpson-Bowles Fiscal Package

The Simpson-Bowles package aimed to reduce the deficit to 2.2% of GDP by 2014. The package consisted of six major proposals:¹²

1. A series of discretionary cuts, or funding coming from the annually appropriated spending bills, essentially boiling down to \$3 in spending reductions for every \$1 of new taxes.¹³ Spending would be labeled as either security or non-security, and would have sharp percentage cuts on both sides. This proposal also includes governmental reforms such as freezes in federal employee pay, cuts to Presidential and Congressional budgets, and the elimination of earmarks.

⁹ Barack Obama and The White House, *Executive Order 13531 -- National Commission on Fiscal Responsibility and Reform*, 2010.

¹⁰ "FiscalCommission.gov," 2010.

¹¹ The National Commission on Fiscal Responsibility and Reform, *The Moment of Truth*.

¹² Ibid.

¹³ John J. Hamre, "A Threat to National Security," *Science*, October 19, 2012.

2. Comprehensive tax reform, based in theory on the 1986 Tax Reform Act, which lowers rates and grows the base.¹⁴ The proposal achieves this with what was coined the “zero plan,”¹⁵ eliminating all income tax expenditures in the tax code and using the reforms to reduce the deficit and add back a small number of necessary expenditures. Under this plan, the income tax rates could be lowered to 8%, 14%, or 23% depending on the number of expenditures added back.
3. A strict overall budget for health spending in general, and a series of Medicare and Medicaid cost-containment reforms. The primary parts of this proposal are reforms to the Sustainable Growth Rate, which is the formula for physician payments, and the Community Living Assistance Services and Supports (CLASS) Act.
4. Cuts in additional mandatory spending including: agriculture subsidies, military and civil service retirement, student loan programs, pensions, and veteran’s benefits. Although these programs are not the primary contributors to rising deficits, they are not subject to annual appropriations review. This proposal makes oversight and management reforms to these programs.
5. Social Security reforms, such as gradually increasing the retirement age and the implementation of Chained CPI. Chained CPI ties cost of living adjustments for Social Security, and other services such as food stamps and veterans benefits, to the rate of inflation. It effectively slows the rate at which cost of living adjustments increase.
6. Reforms to the budget process, such as evaluating how OMB and CBO could score bills more accurately and implementing cap adjustments for appropriations. These proposals are meant to hold the budget process accountable for long-term debt and deficit reduction plans.

¹⁴ Dennis Ippolito, *Deficits, Debt, and the New Politics of Tax Policy* (West Nyack, NY: Cambridge University Press, 2012).

¹⁵ Marc Goldwein and Ed Lorenzen, March 20, 2014.

Together these proposals made up a heterodox package. With a combination of both liberal and conservative policy preferences such as the discretionary cuts that conservatives supported as well as some added revenue that liberals wanted.

After the Commission and the Future of Simpson-Bowles

More than a year after Simpson-Bowles presented their “chairmen’s mark” report, Representatives Jim Cooper (D-TN) and Steven LaTourette (R-OH) introduced the Cooper-LaTourette plan, calling it the “Simpson-Bowles Budget.” The legislation only received 38 votes in the House, 22 Democrats and 16 Republicans.¹⁶ Despite giving it this name, and despite Alan Simpson and Erskine Bowles’ support for the package,¹⁷ the Cooper-LaTourette plan made significant changes to Simpson-Bowles. The Center on Budget and Policy Priorities points out that Cooper-LaTourette was a more conservative package with “smaller tax increases, smaller defense cuts, and deeper domestic cuts than original Simpson-Bowles.”¹⁸

Cooper-LaTourette was defeated in the midst of a Presidential election. At the time, the Republican Party wanted to put its bets on the Ryan Budget,¹⁹ which relied almost entirely on discretionary cuts and delayed reform to such entitlement programs as Social Security and Medicare.

¹⁶ Jim Cooper, “Cooper Statement on the Simpson-Bowles Budget Vote” (Press Release, 2012).

¹⁷ Alan Simpson and Erskine Bowles, “Statement from Sen. Alan Simpson & Erskine Bowles On Budget Alternative Proposed by Reps. Steve LaTourette and Jim Cooper,” March 27, 2012.

¹⁸ Robert Greenstein, *Cooper-LaTourette Budget Significantly to the Right of Simpson-Bowles Plan* (Center on Budget and Policy Priorities, March 28, 2012).

¹⁹ Representative Paul Ryan (R-WI) is the Chairman of the House Budget Committee, and promoted the House GOP Budget Plan.

Section I: A “Legislative” History of the Simpson-Bowles Package

Expectations from the Outset

The Fiscal Commission started its work in February 2010, with a December 2010 deadline. The initial outlook on the Commission was varied. Some had high hopes that a bipartisan commission with the backing of the White House could offer meaningful solutions for our nation’s fiscal challenges. Others were skeptical from the beginning, noting that it was unlikely any package could earn the necessary 14 votes.²⁰

Nevertheless, individuals and organizations from different political perspectives saw a variety of possibilities. Advocates for budget reform were glad to see attention paid to the issue. David M. Walker, the head of the Peterson Foundation argued, “Even if they can’t come up with 14 of 18 votes, to the extent that they can have an impact on public opinion, that will help to prepare the way for tough decisions down the road.”²¹ Others shared the goal of raising awareness about the deficit issue. As Alan Simpson put it, “The American people are going to know about a lot more where we are headed with an honest appraisal of our situation and the courage to do something about it.”²²

The Commission created some excitement in Washington because those involved were committed and the President seemed supportive. One person involved with the Commission commented that the staff was “of a single mind that [they] want to accomplish something.”²³ Everyone hoped that this would be what it took to convince Republicans to consider revenue increases, and Democrats to accept reforms to entitlement programs. As President Obama agreed, “everything has to be on the table.”²⁴

²⁰ David Clarke, “Fiscal Commission as Cornerstone,” April 19, 2010.

²¹ Ibid.

²² “Obama Sets Up Debt Panel,” *The Caucus*, accessed April 16, 2014, <http://thecaucus.blogs.nytimes.com/2010/02/18/obama-sets-up-debt-panel/>.

²³ Cheri Reidy, April 7, 2014.

²⁴ Jackie Calmes, “Obama Tells Debt Commission ‘Everything Has to Be on the Table,’” *The New York Times*, April 27, 2010, sec. Business / Economy, <http://www.nytimes.com/2010/04/28/business/economy/28fiscal.html>.

Commission Structure

The Commission was operated with non-partisan staff, hired specifically to work for the group, Congressional Members' committee or personal staff, and some non-congressional personal staff. The non-partisan staff came from several outside organizations, and did most of the day-to-day work. Since the Commission had a very limited budget, their staffing strategy was to bring in individuals who were being paid by a variety of organizations.²⁵

This staffing strategy had positives and negatives. The Commission, from the beginning, was under intense scrutiny for partisanship. About a quarter of the employees were paid by outside groups; some of these organizations, including the Committee for a Responsible Federal Budget, the Peterson Foundation, and the administration, had their own preferences for budget reform. Some, like former Representative Kennelly (D-CT), argued that the staffing structure meant the Commission was not truly impartial. Kennelly said, "Taxpayers fund the commission and they should work independently of Washington lobbyists and power brokers."²⁶

Despite the criticism, having a staff from different backgrounds contributed to the ideologically diverse make-up of the commission. Executive Director Bruce Reed pointed out, "We've got wonks from across the spectrum who have been working on this issue for years. Every possible voice from left, right, or center has a voice on the commission."²⁷ Additionally, the sponsoring organizations provided valuable resources for the commission. For example, staffers commented that they relied on access to the Congressional Budget Office or Office of Management and Budget for scoring, the Congressional Research Service for information, and think tanks for additional analysis.²⁸

Initially the commission took a bottom-up approach to its work, hoping that including all voting members in each step would encourage more support at the end. Members were

²⁵ Goldwein and Lorenzen, interview; Dan Eggen, "Many Deficit Commission Staffers Paid by Outside Groups," *The Washington Post*, November 11, 2010, sec. Print Edition, <http://www.washingtonpost.com/wp-dyn/content/article/2010/11/10/AR2010111007481.html>.

²⁶ Eggen, "Many Deficit Commission Staffers Paid by Outside Groups."

²⁷ Ibid.

²⁸ Muldoon Meaghan, March 20, 2014; Goldwein and Lorenzen, interview; Congressional Staff, interview.

organized into three working groups, addressing discretionary spending, mandatory spending, and tax reform and revenue; the mandatory team had a Social Security subgroup.²⁹ Each member served in two groups. This structure allowed individuals to focus their efforts on the different budget areas that needed to be addressed, and ensured that conversations continued in all three areas.

Staff commented that discussions among the commission working groups were generally constructive; members spoke frankly about their concerns and usually demonstrated a real commitment to reaching a solution.³⁰ Partisanship, where it existed, was more prevalent among House members, especially as the 2010 elections came closer.³¹ The commission also utilized what they called the “Becerra Rule,” which meant nobody would say no to an idea unless they could submit a better idea in its place.³²

Development of the Proposals

Commissioners pulled ideas from a variety of sources, but all agree that the CBO Options Book was the primary source.³³ Every one or two years CBO releases a book of policy options for reducing the deficit. The commission used these options as the starting point, and had discussions to figure out how members felt about each one. Other major sources for policy alternatives included the Wyden-Gregg tax reform bill,³⁴ hearings from the Senate Budget Committee, and budget think tanks such as the Concord Coalition and CRFB.³⁵

²⁹ “FiscalCommission.gov”; Goldwein and Lorenzen, interview.

³⁰ Meaghan, interview; Goldwein and Lorenzen, interview.

³¹ Conrad, interview.

³² Alan Simpson and Erskine Bowles, “Congress, the President Need to Step up to Painful Choices Ahead on Budget,” *The Hill*, February 17, 2011; Goldwein and Lorenzen, interview.

³³ Congressional Budget Office, *Options for Reducing the Deficit: 2014 to 2023*, November 2013; Doug Elmendorf, “The Economic and Budget Outlook” (Congressional Budget Office, November 24, 2009).

³⁴ Ron Wyden, “S.3018 - 111th Congress (2009-2010): Bipartisan Tax Fairness and Simplification Act of 2010,” legislation, February 23, 2010, <http://beta.congress.gov/bill/111th-congress/senate-bill/3018/cosponsors?q=%7B%22search%22%3A%5B%22Gregg+Wyden+tax%22%5D%7D>.

³⁵ Conrad, interview.

The progress of different working groups varied. The discretionary and social security groups had relative success, while the tax reform and health care groups were effectively gridlocked.³⁶

The biggest obstacle facing the discretionary group, led by Representative Spratt (D-SC) and Senator Coburn (R-OK), was uncertainty about the spending level. However, they were successful in negotiating details within a spending plan. They agreed on ten year spending caps (with some exemptions within the caps), placed firewalls between security and non-security spending, and some smaller efforts intended to lend credibility to the plan such as a federal employee pay freeze.³⁷ While never reaching unanimous agreement on a discretionary spending plan, meaningful consensus building occurred within the group around a plan that allowed spending levels to be added in later.

The mandatory group had some success within the Social Security subgroup, primarily because Senator Conrad (D-ND) came with a plan to put on the table. The plan provided a framework for Social Security reform that many argued was especially conservative for a Democrat. It ultimately angered many Democratic members and organizations.³⁸ Senator Gregg (R-NH), however, made clear his willingness to compromise on the issue. Having two willing negotiators from different parties ensured progress within this group. Senator Conrad's framework was not much different from the final Social Security proposal.³⁹

The tax reform group was not as successful. All of the Republicans on the commission had signed Grover Norquist's Americans for Tax Reform pledge, promising no tax increases or changes in deductions.⁴⁰ Negotiations on revenue were nearly impossible as a result. Senator Coburn (R-OK) showed some willingness to find small amounts of revenue, such as collecting

³⁶ Goldwein and Lorenzen, interview.

³⁷ Ibid.

³⁸ Ibid.; Lori Montgomery, "Deficit Panel Leaders Propose Curbs on Social Security, Major Cuts in Spending, Tax Breaks," *The Washington Post*, November 11, 2010, sec. Business, <http://www.washingtonpost.com/wp-dyn/content/article/2010/11/10/AR2010111004029.html>; Strengthen Social Security, "Senator Conrad's Chairman's Mark for the FY2013 Senate Budget Resolution Would End Social Security As We Know It," n.d.; Ryan Grim and Michael McAuliff, "Kent Conrad's Budget Angers Democratic Colleagues," *Huffington Post*, May 3, 2011, http://www.huffingtonpost.com/2011/05/03/kent-conrad-budget-angers-democrats_n_857213.html.

³⁹ Goldwein and Lorenzen, interview.

⁴⁰ Grover Norquist, "Taxpayer Protection Pledge," n.d., <http://www.atr.org/about-the-pledge>.

unpaid taxes from federal employees, but the attempts were minor overall. It became clear very quickly that the commission could not propose raising tax rates; any new revenue would have to come from tax expenditures and reducing spending in the tax code, but even this proved difficult. The problems were so deep that at one point it took a two hour meeting to negotiate the number of speakers allowed at their next meeting.⁴¹

The health reform conversations were just as challenging, or even more gridlocked than tax reform. Democrats felt that health reform had been taken care of with the Affordable Care Act, and Republicans didn't want to consider any reforms that weren't "structural." In this case, structural reforms would have meant repealing the ACA or implementing block grants for Medicaid. Even proposals previously supported by Republicans, such as means testing Medicare, were now off the table.⁴² As one former staff member commented, "the scars of Obamacare made it impossible for the sides to talk at all."⁴³

As the 2010 elections came closer, the congressional members became less involved. Along with the gridlock within many groups, their disengagement sparked a change in the co-chairs' strategy. What had been a bottom-up attempt at building a plan switched to a more top-down approach. With assistance from the non-congressional members, Simpson and Bowles put together an ambitious plan based on the working group discussions, but surpassing the commission's original mandate. Most proposals were slight variations of the proposals with a consensus around them, but ultimately an executive decision had to be made on revenue.

The staff put together three plans, including a modified version of Wyden-Gregg⁴⁴ and an elimination of a few less controversial tax expenditures. During this meeting, to general surprise, Bowles proposed what would later be called "the zero plan."⁴⁵ By eliminating all tax expenditures, setting aside savings for deficit reduction, and forcing Congress to pick and

⁴¹ Goldwein and Lorenzen, interview.

⁴² Ibid.

⁴³ Ibid.

⁴⁴ Wyden, "S.3018 - 111th Congress (2009-2010)."

⁴⁵ The National Commission on Fiscal Responsibility and Reform, *The Moment of Truth*; Goldwein and Lorenzen, interview.

choose the deductions they wanted to put back into the budget, Bowles' argued that Congress would be much more careful about what was added back.⁴⁶

Relationships with Outside Interests

Throughout the process, the commission held monthly public meetings and heard testimony from outside groups. Of the outside groups that came to the public meetings, two of the more influential were Professors Reinhart and Rogoff from Harvard University.⁴⁷ They presented their research on debt as a share of GDP, making the case that accumulation of debt is a risk to economic growth and development. Although their research has since been questioned⁴⁸, at the time it made a lasting impression for the urgency of the commission's task. Other groups tried to have an even bigger hand in the process. Organizations like CRFB, the Peterson Foundation, and MacArthur Foundation offered their ideas and support, but the staff asserts that they had little influence. The most helpful thing these groups did was make supportive statements to the press about the commission's work. Overall, the commission's approach was very driven by the co-chairs and the non-partisan staff.⁴⁹

About two-thirds of the way through the process, the co-chairs hosted a "day of listening," allowing any groups or individuals to come and present their ideas. Both Alan Simpson and Erskine Bowles stayed for the entire day, listening to a wide variety of groups make policy suggestions.⁵⁰ The commission made an effort to advertise the hearing to a variety of interest groups, especially those representing youth. A lot of entitlement reforms would particularly affect the younger generations, and they had been mostly absent from the debate up to that point. While a variety of other groups, including labor unions and women's groups,

⁴⁶ Erskine Bowles and Alan Simpson | 7/21/13 8:52 Pm Edt, "Opinion: 'Blank Slate' Key to Tax Reform - Erskine Bowles and Alan Simpson," *POLITICO*, accessed April 16, 2014, <http://www.politico.com/story/2013/07/blank-slate-key-to-tax-reform-94526.html>.

⁴⁷ Carmen M. Reinhart and Kenneth Rogoff, *This Time Is Different: Eight Centuries of Financial Folly* (Princeton University Press, 2009); Carmen M. Reinhart and Kenneth S. Rogoff, *Growth in a Time of Debt*, Working Paper (National Bureau of Economic Research, January 2010), <http://www.nber.org/papers/w15639>.

⁴⁸ John Cassidy, "The Reinhart and Rogoff Controversy: A Summing Up," *The New Yorker Blogs*, April 29, 2013, <http://www.newyorker.com/online/blogs/johncassidy/2013/04/the-rogooff-and-reinhart-controversy-a-summing-up.html>.

⁴⁹ Goldwein and Lorenzen, interview.

⁵⁰ Meaghan, interview.

met with commission staff or attended public hearings, according to staffers interest groups had minimal impact on the commission's final recommendations.⁵¹

Negotiating with Commission Members

Jean Baptiste Colbert, General of Finance under French King Louis XIV, famously claimed that “the art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest possible amount of hissing.”⁵² This sentiment summarizes both the overall goal of the commission, as well as the co-chairs' strategy in negotiating with the congressional members.

Bowles learned during budget negotiations in the Clinton Administration that the most productive strategy was to talk with people one-on-one. Congressional members appreciated this approach, as it gave them a real opportunity to ask questions and have their concerns heard. It also gave the co-chairs the opportunity to put together a package that could maximize support while minimizing changes to the package.⁵³ Between the release of the chairmen's mark⁵⁴ on November 10 and the release of the final report on December 1 these individual negotiations resulted in small tweaks to the package.⁵⁵

Commission Vote & Reasoning

The final commission report was released in a public meeting on December 1, 2010. The co-chairs presented the details of the plan and announced that the final vote would be taken two days later. Each of the members then made statements, a few were ready to announce their vote while others took the additional time to consider.

Throughout negotiations, Bowles and Simpson had a general idea of where the members stood, but they didn't know the final vote count until the last moment. All of the House Republicans voted against the package, while all Senate Republicans supported it. One of

⁵¹ Goldwein and Lorenzen, interview; Meaghan, interview.

⁵² Roman Frydman, Kenneth Murphy, and Andrzej Rapaczynski, *Capitalism with a Comrade's Face: Studies in the Postcommunist Transition* (Central European University Press, 1998).

⁵³ Goldwein and Lorenzen, interview; Meaghan, interview; Congressional Staff, interview; Conrad, interview.

⁵⁴ Alan Simpson and Erskine Bowles, “Co-Chair's Proposal,” November 10, 2010.

⁵⁵ Goldwein and Lorenzen, interview.

the three House Democrats supported it (Representative Spratt (D-SC), the most moderate), and two of three Senate Democrats supported; Senator Baucus (D-MT) voted against claiming that “the Deficit Commission recommendations would...hit rural America the hardest.”⁵⁶ Three of the four presidentially appointed members supported the package. Andy Stern (former SEIU President) did not because of the cuts to Social Security and health care.⁵⁷

Senators Conrad (D-ND) and Gregg (R-NH) were the first to endorse the package, announcing their support at the December 1st meeting. Mr. Cote, Dr. Rivlin, and Ms. Fudge, all followed suit announcing their support. Representative Schakowsky (D-IL) announced that she would vote no, and others including: Senator Durbin (D-IL), Representative Spratt (D-SC), and Senator Crapo (R-ID) needed additional time to decide.⁵⁸

The next day, Senators Coburn (R-OK) and Crapo (R-ID) held a press conference announcing their support.⁵⁹ The 11th, and last, to announce his vote was Senator Dick Durbin (D-IL), who submitted an op-ed to the Chicago Tribune titled, “Why I’m Voting ‘yes.’” His support was particularly surprising, which he acknowledged saying, “The question my closest political friends are asking is this: Why is a progressive like Dick Durbin voting for this deficit commission report?” but ultimately concluding that while, it would take tough choices, “I am ready to do my part.”⁶⁰

Opposition to Simpson-Bowles

During his opening statement at the December 1st meeting, Alan Simpson talked about the “denizens of darkness...waiting...to shred this baby to bits.”⁶¹ He was talking about the many interest groups waiting to criticize the package; organizations and individuals who want

⁵⁶ “In a 11-7 Tally, the Fiscal Commission Falls Short on Votes,” *The New York Times*, December 3, 2010.

⁵⁷ Ibid.

⁵⁸ Alan Simpson, *Sixth Meeting of the National Commission on Fiscal Responsibility and Reform*, 2010.

⁵⁹ Mike Crapo and Tom Coburn, *Coburn-Crapo Press Conference Announcing Support for Debt Commission Plan*, 2010.

⁶⁰ “Why I’m Voting ‘Yes,’” *Chicago Tribune*, accessed April 16, 2014, http://articles.chicagotribune.com/2010-12-02/opinion/ct-oped-1203-durbin-story_1_tax-code-personal-income-gas-tax.

⁶¹ Simpson, *Sixth Meeting of the National Commission on Fiscal Responsibility and Reform*.

to see deficit reduction but don't want their programs touched.⁶² The criticism of the Simpson-Bowles package did not end with the commission members.

The Simpson-Bowles proposals have attracted a lot of opposition from a variety of perspectives. Several interest groups opposed portions of the plan. Most notably the AARP, and other groups concerned about Social Security and Medicare, disliked the use of chained CPI; because it lowers Social Security and Medicare benefits by indexing COLA to the rate of inflation.⁶³

Pundits like Nobel laureate Economist Paul Krugman questioned whether there was actually a fiscal crisis, and disliked many of the reforms Simpson-Bowles proposed.⁶⁴ Krugman argued that Reinhart and Rogoff used flawed methods, and that there are no historical precedents for fiscal crisis in "a country that has its own currency and borrows in that currency."⁶⁵ Beyond questioning the motivation for the commission's work, he also criticized the package directly. One column headline reads, "A Public Service Reminder: Simpson-Bowles Is Terrible." He essentially argues that the package offers underwhelming proposals to a non-existent crisis.⁶⁶

Think tanks with ideological objections to the plan, like Center for American Progress on the left and the Heritage Foundation on the right, released their own plans.⁶⁷ These are much more ideologically homogenous proposals representing the more 'liberal' or 'conservative' preferences in deficit reduction. How to accomplish tax reform is an especially partisan point of contention. Republicans do not support tax reform packages that include a net increase in revenue, while many Democrats do not support the means of broadening the tax base since it

⁶² Mara Liasson and Steve Inskeep, "Consensus Eludes Debt Commission; Vote Postponed," *NPR.org*, accessed April 17, 2014, <http://www.npr.org/2010/12/01/131724965/consensus-eludes-debt-commission-vote-postponed>.

⁶³ Josh Rosenblum, "Strengthen Social Security and Medicare — Don't 'Reform' Them" (AARP, 2013).

⁶⁴ Ryan Chittum, "The 'downright Dangerous' Paul Krugman," *Columbia Journalism Review*, October 30, 2012.

⁶⁵ "The Confidence Gnomes," *Paul Krugman Blog*, accessed April 17, 2014, <http://krugman.blogs.nytimes.com/2013/10/28/the-confidence-gnomes/>.

⁶⁶ "A Public Service Reminder: Simpson-Bowles Is Terrible," *Paul Krugman Blog*, accessed April 17, 2014, <http://krugman.blogs.nytimes.com/2012/09/30/a-public-service-reminder-simpson-bowles-is-terrible/>.

⁶⁷ The Heritage Foundation, "Saving the American Dream," 2011; The Center for American Progress, *Reforming Our Tax System, Reducing Our Deficit*, 2012.

changes where the tax burden rests, and raises distributional concerns. Democrats would prefer higher rates for specific groups rather than lower rates across a larger base.⁶⁸

Changes Since 2010

The fiscal situation in the United States has changed since 2010. Especially due to the 2013 Sequester, discretionary spending goals have been largely met. Medicare growth has also slowed in recent years, yet fundamental reform of these programs has not happened.

Some elements from the Simpson-Bowles package have even been implemented, such as: federal pay freezes, establishing a disaster fund, and elimination of earmarks. Others have been introduced as bargaining chips in subsequent budget negotiations. Most notably, President Obama had included chained CPI in his budget requests (until the FY2015 budget) as a signal to Congressional leaders that he was willing to compromise on entitlement reform. So far this has not been successful.

⁶⁸ Dennis Ippolito, *Deficits, Debt, and the New Politics of Tax Policy*.

Section II: The Media Framing of the Simpson-Bowles Package

The press often refers to Simpson-Bowles in broad, vague, or even misleading terms. Some of its proposals are technical and have not seen much coverage. Analyzing local editorials how these specifics are, or are not, presented in the media help explain how Simpson-Bowles was framed in public opinion, and which individual proposals have received attention in the press. More information on media analysis methodology can be found in Appendix B.

How Simpson-Bowles Was Portrayed

Coverage while the Fiscal Commission was working, through 2010, was sparse. Trudy Lieberman argued in the *Columbia Journalism Review* that the media did not pay attention to the Commission, or what Alan Simpson and Erskine Bowles were talking about, in the months before release of the Commission Report. However, some in the media who did try follow the Commission's progress didn't find much to cover between the establishment of the Commission and release of the report.⁶⁹ Lieberman argues that the media seemed surprised, especially about the commission's embrace of the Chained CPI proposal for Social Security.⁷⁰ However, it wasn't until the release that the Commission talked much with the media.

In the last month of 2010, following the report's release, several important themes emerged when looking at coverage of Simpson-Bowles. National and regional news coverage tended to be vague and non-technical, but did harp on the reforms to entitlement programs. Lieberman summarizes the coverage saying, "Unsurprisingly, nobody offered the sort of informed, comprehensive reporting that Americans need if they are to understand what entitlement reform will ultimately mean for them."⁷¹ Lieberman's assessment includes an analysis of AP, New York Times, Los Angeles Times, and Miami Herald stories, among others.

Overlooking the impacts of the proposals meant that some important parts of the package were left out of the discussion. For example, the media talked about the retirement age gradually increasing, changing COLA to effectively reduce benefits, and reducing Social

⁶⁹ Lori Montgomery, April 4, 2014.

⁷⁰ Trudy Lieberman, "Well, What Do You Know, Sherlock?," *Columbia Journalism Review*, November 12, 2010.

⁷¹ Ibid.

Security benefits for “better-off beneficiaries,”⁷² but did not talk much about means testing or expanding cost-sharing in Medicare.⁷³

This trend continued beyond the discussion of entitlement reform. Lieberman also points out coverage of Simpson-Bowles, when it did include details from the plan, “cherry-picked” from the many tax reform proposals.⁷⁴ This picking and choosing method was true both of major national news and regional news. Coverage often talked about eliminating some mortgage interest exemptions, raising the gasoline tax, and lowering some rates across the board.⁷⁵ For example, in November 2010 the Washington Post summarized the proposal saying it would, “impose deep cuts in domestic and military spending...limit or repeal immensely popular tax breaks for mortgage interest and employer-provided health insurance to raise revenue while keeping income tax rates below their current levels.”⁷⁶ At the same time, coverage in the Denver Post declared that, “The co-chairs seek to simplify the tax code by eliminating some tax breaks – like mortgage exemptions...while raising some taxes such as the gasoline tax by 15 cents a gallon.”⁷⁷

The best examples of this sort of framing are the headlines in regional papers in November and December of 2010. The St. Paul Pioneer Press wrote “Proposal has something for everyone to hate,”⁷⁸ The main point was that the criticism of Simpson-Bowles was receiving is coming from both sides, which is “a sure indication these ideas are worth considering.”⁷⁹ Meanwhile The Denver Post said the report is “taking heat from both sides – and that’s a good

⁷² Ibid.

⁷³ Edward Lotterman, “Proposal Has Something for Everyone to Hate,” *St. Paul Pioneer Press*, November 14, 2010; Editorial, “Simpson-Bowles,” *The Durango Herald*, November 14, 2010.

⁷⁴ Trudy Lieberman, “Well, What Do You Know, Sherlock?”

⁷⁵ Editorial, “Bold Beginning for Deficit Panel - The Co-Chairs of President Obama’s Bipartisan Commission Are Taking Heat from Both Sides — and That’s a Good Thing,” *The Denver Post*, November 12, 2010; Editorial, “Go back to Bowles-Simpson,” *St. Paul Pioneer Press*, December 2, 2011; Editorial, “Simpson-Bowles.”

⁷⁶ “A Sharp Knife to Deficits,” *The Washington Post*, November 11, 2010, sec. Opinions, <http://www.washingtonpost.com/wp-dyn/content/article/2010/11/10/AR2010111007039.html>.

⁷⁷ Editorial, “Bold Beginning for Deficit Panel - The Co-Chairs of President Obama’s Bipartisan Commission Are Taking Heat from Both Sides — and That’s a Good Thing.”

⁷⁸ Edward Lotterman, “Proposal Has Something for Everyone to Hate.”

⁷⁹ Ibid.

thing.”⁸⁰ These newspapers acknowledged that Simpson-Bowles was a package with proposals that both sides disliked, but their argument was that then it must be a true compromise. In other words, the whole was greater than the sum of its parts.

Coverage following the votes initially concluded that just putting the package together was a form of success. In most of these cases, the “success” was that a Washington body put together something that could be framed as a compromise.

The newspaper narrative was that Simpson and Bowles rose above partisanship. The details of the plan were less important than whether or not politicians are willing to compromise. A Wilmington StarNews headline said: “Debt panel has started conversation; will nation join?”⁸¹ This theme was echoed in a Washington Post editorial arguing the package has started an important debate. The editorial wrote: “Let the adult conversation begin.”⁸²

The St. Paul Pioneer Press shared the belief that the Commission had done good work, but argued that it would require a meaningful political endorsement to go anywhere. Thus it framed the situation by saying: “Obama urged to breathe life into deficit report.”⁸³ This theme was evident in other articles as well, with many local editorials urging their own Representatives to show support. The Denver Post said: “[W]e hope Colorado’s elected leaders – especially Sen. Michael Bennet...are prepared to push for tough changes.”⁸⁴

This media coverage lauded the Commission report as good government, but not because it had all good proposals. The press was eager to have something to hold up as a moderate, bipartisan, compromise, but this didn’t necessarily mean they were agreeing with the specifics of the plan. The Washington Post put it bluntly saying, “We expect nearly everyone

⁸⁰ Editorial, “Bold Beginning for Deficit Panel - The Co-Chairs of President Obama’s Bipartisan Commission Are Taking Heat from Both Sides — and That’s a Good Thing.”

⁸¹ Editorial, “Debt Panel Has Started Conversation; Will Nation Join?,” *Wilmington StarNews*, December 4, 2010.

⁸² “A Sharp Knife to Deficits.”

⁸³ Peter Nicholas and Michael A. Memoli, “Obama Urged to Breathe Life into Deficit Report,” *St. Paul Pioneer Press*, December 4, 2010.

⁸⁴ Editorial, “Bold Beginning for Deficit Panel - The Co-Chairs of President Obama’s Bipartisan Commission Are Taking Heat from Both Sides — and That’s a Good Thing.”

will find a gored ox about which to howl.”⁸⁵ In the year following the report’s release, this frame did not change much.

The coverage throughout 2011 essentially concluded that the Simpson-Bowles recommendations had died. An editorial in the St. Paul Pioneer Press said that Congress would need to “dust off”⁸⁶ the proposals. The Wenatchee World said: “The Simpson-Bowles plan, described as a last-ditch do-it-or-else means to avoid catastrophe, is sitting on a shelf where it will sit forevermore.”⁸⁷ Discussion of Simpson-Bowles usually appeared in articles that had a larger focus, such as the “Fiscal Cliff”⁸⁸ or the Bipartisan Budget “Supercommittee.”⁸⁹ Newspapers continued to hold Simpson-Bowles up as the only example of a good bipartisan proposal to address the debt and proof that lawmakers are putting off necessary debt and deficit reduction measures.

Lieberman at CJR points out that while the media was busy framing Simpson-Bowles as a centrist plan, it overlooked some of the strongest criticism.⁹⁰ They argue that the media essentially wrote off Economist Paul Krugman as a critic of the Simpson-Bowles report. CJR suggest that some in the media have started “what’s effectively a campaign for Simpson-Bowles”⁹¹ while wrongfully assuming that it is hard to find other prominent economists who agree with Krugman’s perspective.

Lieberman was not alone in noticing this trend. Other journalists, especially online writers, have also started to question the extent to which Simpson-Bowles really accomplishes everything the media are claiming. An article published in Salon in 2012 says that Simpson-Bowles is “what you want it to be. It will fix the deficit and grow the economy and it does it without raising taxes on anyone, unless you want to raise taxes on some people, and then it

⁸⁵ “A Sharp Knife to Deficits.”

⁸⁶ Editorial, “Go back to Bowles-Simpson.”

⁸⁷ Tracy Warner, “All They Want Is to Get by,” *The Wenatchee World*, December 15, 2011.

⁸⁸ Trudy Lieberman, “The Making of a Meme,” *Columbia Journalism Review*, December 11, 2012.

⁸⁹ Editorial, “Go back to Bowles-Simpson.”

⁹⁰ Ryan Chittum, “The ‘downright Dangerous’ Paul Krugman.”

⁹¹ Ryan Chittum, “Rise Above, CNBC’s Move into Advocacy,” *Columbia Journalism Review*, November 20, 2012.

does that.”⁹² While this particular article may be a little hyperbolic, it does represent a growing area of media coverage.

Paul Krugman has also been critical of the media’s take on Simpson-Bowles; he argues that journalists used to talk about ideas as centrist when they could earn bipartisan support. Now, he argues, “the term ‘centrist’ is used for things like Simpson-Bowles, which are both desperately unpopular and impossible to enact as legislation.”⁹³ While the media has lauded Simpson-Bowles for being bipartisan and moderate, this frame may not hold up indefinitely.

⁹² Alex Pareene, “Simpson-Bowles Is Magic,” accessed April 17, 2014, http://www.salon.com/2012/12/05/simpson_bowles_is_magic/.

⁹³ “Things Fell Apart,” *Paul Krugman Blog*, accessed April 17, 2014, <http://krugman.blogs.nytimes.com/2013/07/26/things-fell-apart/>.

Section III: The Public Response to the Simpson-Bowles Package

Polling data will help inform why the Simpson-Bowles package has not yet been endorsed by most politicians, whether the discussion surrounding them has caused a shift in overall public concern for the fiscal problems, and how the proposals can be framed more successfully in the future. If the proposals are still viable, advocates may need to change the way they are talking about them.

Findings from Public Polling Data

A Pew Research Poll taken in the first week of December 2010, the same week the commission report was released, showed that 70% of Americans considered the deficit a major problem that we must address now, while 23% thought it was a major problem but should be addressed when the economy is better. Only 6% of Americans did not think the deficit is a major issue.⁹⁴

The polling on the deficit made it clear that the American public considered this an urgent issue. However, when asked about Simpson-Bowles as a solution to this problem, Pew found that only 30% approved of the “deficit commission’s proposals,” while 48% disapproved, and 21% didn’t know.⁹⁵ Since this question was asked the week that the commission voted on their final package, these numbers show that initial reactions by the public were primarily negative but awareness of the package was very high.

Pew also asked respondents about specific provisions within Simpson-Bowles. Overall, they found that people supported the federal salaries freeze, an increase in taxes on high income earners, and increasing the Social Security cap for the most affluent. On the other hand, they found a tax on employer-provided health insurance, an increase in the gas tax, a reduction in federal funding to states, and an increase in Medicare contributions were “totally unacceptable” to most people (defined as 60% to 75% of people). Even when offered a direct

⁹⁴ 1615 L. Street et al., “Debt and Deficit: A Public Opinion Dilemma,” *Pew Research Center for the People and the Press*, June 14, 2012, <http://www.people-press.org/2012/06/14/debt-and-deficit-a-public-opinion-dilemma/>.

⁹⁵ *Ibid.*

choice between maintaining Social Security and Medicare benefits and reducing the budget deficit, Americans from every age group showed higher support for keeping benefits.⁹⁶

Two years after the commission vote, in December 2012, Public Policy Polling released a poll showing that only 23% of the public supported Simpson-Bowles. However, the most notable change from the 2010 polling was not a decline in support, but the number of people who neither supported nor opposed the plan. PPP found that 60% are “not sure” of their opinion on Simpson-Bowles,⁹⁷ nearly 40 percentage points higher than the 21% in 2010.⁹⁸ As seen in the media analysis section, by 2012 the reporting on the package had subsided, and the coverage it did get was vague. The number of people with no opinion may be primarily reflective of the lack of detailed information available to the public about the plan.

Another way to look at these findings is to highlight that 40% of Americans were aware of the plan, and the majority of those with an opinion supported it.⁹⁹ This trend is consistent with the findings of the media analysis. It suggests that the coverage of the issue may have permeated public opinion. The media attention was generally positive, but vague, and placed within the “good government” frame. It follows that the majority of people who knew about the package would see it favorably. However, it also follows that many people would feel they have no opinion about a package they had few details about.

PPP also ran a poll asking how people felt about the Panetta-Burns plan, a package that PPP made-up for the purpose of the poll. They found that about 25% of people had some opinion about a plan that did not exist.¹⁰⁰ These responses are paradoxical in many ways. It is unclear if Simpson-Bowles was known by the public, or if respondents were just claiming to have an opinion about anything. The question wording also does not make it clear that the plans are meant to be debt/deficit reduction strategies. If it had been presented in this way, the responses may have changed.

⁹⁶ Ibid.

⁹⁷ Public Policy Polling, “National Survey Results,” December 4, 2012, http://www.publicpolicypolling.com/pdf/2011/PPP_Release_National_1204.pdf.

⁹⁸ Street et al., “Debt and Deficit.”

⁹⁹ Public Policy Polling, “National Survey Results.”

¹⁰⁰ Ibid.

Only the early Pew poll provides an indication of whether or not the public actually knew what is in the package, or if they really supported the individual proposals. Even the Pew poll asking about specific elements didn't fully explain the proposal, the tradeoffs, or the objectives. While broad public polling data puts in perspective the public's response to Simpson-Bowles, it does not really explain public opinion about the proposals specifically.

How to Talk About Simpson-Bowles

More specific polling, and focus group, questions that asks about very specific policy proposals better highlights how people view the provisions within Simpson-Bowles, and the different approaches to deficit reduction overall. In 2013 CRFB's Fix the Debt Campaign conducted a series of polls and focus groups that measured public responses when the proposals within the Simpson-Bowles package were presented in different ways. A methodological discussion on the Fix the Debt poll can be found in Appendix C.

One prominent finding from these polls is the attitudes toward Social Security and Medicare reforms. When asked about changes to Social Security and Medicare "as part of a comprehensive plan to help reduce the national debt" 57% of people were opposed.¹⁰¹ This finding is supported by Pew polls that found 58% of Americans prioritized Social Security and Medicare benefits over deficit reduction.¹⁰²

Responses to questions proposing Medicare reforms changed dramatically after including qualifiers. When asked if the changes "were gradually phased in over years and did not impact anyone currently 60 or over" respondents' levels of support jumped up to 55%. That level increases even farther to 61% when asked if changes also included cuts in "wasteful government spending" and closing of tax loopholes for the wealthy.¹⁰³ Support for Chained CPI also changed depending on how the proposal was justified. When asked if they would support

¹⁰¹ "Fix The Debt Poll," October 4, 2013.

¹⁰² Street et al., "Debt and Deficit."

¹⁰³ "Fix The Debt Poll."

reducing the cost of living increases if a portion of the savings went toward “protect[ing] low-income seniors and older seniors” the levels of support are 65%.¹⁰⁴

Although the changes in support for other proposals weren’t as dramatic as the entitlement programs, they followed a similar trend. The more proposals were packaged together with other policies, especially when there was an effort to increase support for lower income or otherwise vulnerable groups, the more support they earned. This trend held true in the polling and the focus groups.

In the focus groups, the same types of questions were asked, and participants discussed their reactions to the proposals. Groups were differentiated by self-identified Democrats and Republicans. The Democrats tended to react negatively to proposals that they felt would hurt particularly disadvantaged individuals. They generally disliked the proposals reforming entitlement programs, but were amenable to Chained CPI when it was framed as about “\$3.00-\$3.50 less a month” or when the current method is framed as “inaccurate.”¹⁰⁵

Republicans tended to react negatively to any proposals that raised revenue, but became more receptive to the idea if it new revenue was going directly to debt relief rather than other government spending. Similarly, this group became more willing to reform Social Security and Medicare when it was made clear how the reforms would lead to savings.¹⁰⁶

¹⁰⁴ Ibid.

¹⁰⁵ The Winston Group, *Democrats Focus Group* (Alexandria, VA, 2013).

¹⁰⁶ The Winston Group, *Republicans Focus Group* (Orlando, FL, 2013).

Section IV: The Simpson-Bowles Package & The Policy Stream: Are They Still Alive?

Supposed “Death” of Simpson-Bowles

The current state, and future, of the Simpson-Bowles package appears uncertain at best. Ippolito points out that “While the Simpson-Bowles report, as it was christened, would serve as a useful benchmark for future deficit-reduction proposals, its immediate impact was minimal.”¹⁰⁷ This sentiment was the general consensus within a year of the report release. After the commission vote in December 2010, many pundits perceived the Simpson-Bowles package “failed” if not outright “dead.”¹⁰⁸ The sentiment was widespread enough to motivate Simpson and Bowles, even two years later, to continue their efforts, as Bowles put it in November 2012, to “don’t let this thing die.”¹⁰⁹

Ippolito further asserts that the lack of 14 votes from the Commission’s members was not the biggest problem that Simpson-Bowles had. Rather, the less than enthusiastic response from all sides, especially President Obama, is what doomed the proposals.¹¹⁰ Many agree that the President was partially responsible for the supposed death of the package.¹¹¹ Bowles and Simpson wrote an op-ed in February 2011 called “Congress, the president need to step up to painful choices ahead on budget” suggesting that Obama had not yet stepped up. While campaigning in 2012 Republican presidential candidate Mitt Romney said the President “simply

¹⁰⁷ Dennis Ippolito, *Deficits, Debt, and the New Politics of Tax Policy*.

¹⁰⁸ “Pumping Life into a Deficit Plan Thought Dead,” *Honolulu Star-Advertiser (HI)*, November 28, 2012, http://docs.newsbank.com.proxy.lib.duke.edu/s/InfoWeb/aggdocs/NewsBank/142E2F924DE05670/0D0CB4F32A21A855?s_lang.

¹⁰⁹ NEW YORK TIMES, “Pair Try to Pump Life Back into Their Deficit Plan,” *Houston Chronicle (TX)*, December 7, 2012, 3 STAR edition.

¹¹⁰ Dennis Ippolito, *Deficits, Debt, and the New Politics of Tax Policy*.

¹¹¹ Erik Wasson, “Geithner explains why Obama never embraced Bowles-Simpson,” Text, *TheHill*, February 16, 2012, <http://thehill.com/blogs/on-the-money/budget/211153-geithner-explains-why-obama-never-embraced-bowles-simpson>; Ezra Klein, “The Reason the White House Didn’t Embrace Simpson-Bowles,” *The Washington Post - Blogs*, February 27, 2012, http://www.washingtonpost.com/blogs/wonkblog/post/the-reason-the-white-house-didnt-embrace-simpson-bowles/2011/08/25/gIQAq1j2dR_blog.html; Jackie Calmes, “Obama’s Unacknowledged Debt to Bowles-Simpson Plan,” *The New York Times*, February 27, 2012, sec. U.S. / Politics, <http://www.nytimes.com/2012/02/27/us/politics/obamas-unacknowledged-debt-to-bowles-simpson-plan.html>; “The Real Reason Obama Wouldn’t Embrace Simpson-Bowles,” *Forbes*, accessed April 17, 2014, <http://www.forbes.com/sites/joshbarro/2012/02/27/the-real-reason-obama-wouldnt-embrace-simpson-bowles/>.

brushed aside” Simpson-Bowles.¹¹² Around the same time Forbes Magazine and Ezra Klein both published articles speculating about the President’s reasons for not endorsing Simpson-Bowles.¹¹³

President Obama wasn’t willing to concede that he had given up on the package. In February 2012 the President asked Erskine Bowles to lunch at the White House, where he tried to assure Bowles that he hadn’t given up on the package. Bowles summarized the President’s feelings saying, “The president wanted to make sure that we understood that he had had a strategy to take the framework of what we’d negotiated.”¹¹⁴ The President, as well as Klein, argued that the political situation prohibited an immediate endorsement of the package, but nobody has ruled out a future.

Where the Package is Alive

Another part of the Simpson-Bowles story is what has happened outside of the public’s eye. The public narrative, as seen in the media coverage and polling data, makes a convincing case for why the proposals have failed, but that isn’t the whole story. Although they have not been implemented as a whole package, certain proposals such as chained CPI for Social Security benefits were, until this year, included in the President’s Budget. Obama included chained CPI for the budget cycles following the fiscal commission in an effort to demonstrate his willingness to compromise on entitlement reform. Furthermore, there was likely more support in Congress for the Cooper-LaTourette plan, but the political timing got in the way. Finally, at many of the budget negotiation meetings between the White House and Congress, or between the House and Senate leadership over the past couple years, the Simpson-Bowles proposals have been on the table as negotiation points.¹¹⁵ The policy stream behind these proposals may still be alive.

¹¹² Michael Scherer, “What You Missed While Not Watching the NBC GOP Debate in Florida,” *Time*, accessed April 17, 2014, <http://swampland.time.com/2012/01/24/what-you-missed-while-not-watching-the-nbc-gop-debate-in-florida/>.

¹¹³ Klein, “The Reason the White House Didn’t Embrace Simpson-Bowles”; “The Real Reason Obama Wouldn’t Embrace Simpson-Bowles.”

¹¹⁴ Calmes, “Obama’s Unacknowledged Debt to Bowles-Simpson Plan.”

¹¹⁵ Goldwein and Lorenzen, interview.

Beyond the actual policy recommendations in Simpson-Bowles, the report has also become an authority for measuring the fiscal situation. Not only have the proposals remained on the table in subsequent budget negotiations, but the commission's analysis of the fiscal situation made a lasting impression. Simpson-Bowles' target of where our spending as a percentage of GDP should be to maintain fiscal sustainability have been picked up by other groups. Simpson-Bowles set the goal at 22 percent from 2012 to 2020, and the Bipartisan Policy Center proposal, President Obama's budgets, and the House Republican plan have all placed the targets in the same range; their proposals came as a response to the fiscal commission's analysis.¹¹⁶

Policy Streams & the Garbage Can Model

Conventional "School House Rock,"¹¹⁷ wisdom and basic civics presents policymaking as a straightforward process: a great idea turns into a great policy, passes through Congress to the President, and *voila!* you've fixed a problem. Unfortunately this model does not accurately explain how most policy ideas are received. Political science literature provides a variety of explanations of how and why the Simpson-Bowles policy proposals didn't yet pass but remain alive.

Most prominently, Kingdon's description of policy streams and the Garbage Can Model of policymaking (explained in-depth below) apply here.¹¹⁸ These theories explain how policies can remain alive, waiting for a time when they are needed or more politically feasible. Additionally, Hubbard and Kane present an argument specific to the fiscal situation. They talk about how the Prisoner's Dilemma can explain why policymakers who might otherwise agree on the necessary policies for fiscal reform are making rational decisions by not implementing them right now.¹¹⁹ Policymakers might not support comprehensive fiscal reform right now, but the Simpson-Bowles proposals could be the alternatives on the table when they are ready.

¹¹⁶ Dennis Ippolito, *Deficits, Debt, and the New Politics of Tax Policy*.

¹¹⁷ Dave Frishberg, *I'm Just a Bill*, 1975.

¹¹⁸ John Kingdon, *Agendas, Alternatives, and Public Policies*, 2003; Michael Cohen, James March, and Johan Olsen, "A Garbage Can Model of Organizational Choice," *Administrative Science Quarterly*, n.d., 1–25.

¹¹⁹ Tim Kane and Glenn Hubbard, "Regaining America's Balance," *National Affairs* 8 (2013).

Kingdon adapted the garbage can model, originated by Cohen, March, and Olsen¹²⁰, to apply to the federal government. Kingdon presents three “streams” that explain how issues do, or do not, move through government processes. Kingdon’s streams are: “problem recognition, the formation and refining of policy proposals, and politics.”¹²¹ The problem stream explains how and why different issues come to the attention of policymakers; the policy stream describes the process by which policy proposals are generated; the politics stream addresses the influence of public opinion, elections, and political leadership. As Kingdon summarizes, “Separate streams run through the organization, each with a life of its own. These streams are coupled at critical junctures, and that coupling produces the greatest agenda change.”¹²² When an urgent problem meets a policy solution and the political timing is right, the idea comes out of the garbage can and stands a chance at passage. Until the three streams come together, the idea may be perceived as “dead” while waiting for the right timing.

Applying this model to the Simpson-Bowles package can explain its perceived “death” and its possible future. In this case, the fiscal situation represents the problem stream; the fiscal commission, their process, and the resulting package is the policy; and the climate in Congress and the Obama Administration are the politics. Each stream is, as Kingdon prescribes, working independently and overlapping at key moments.

Cohen, March, and Olsen characterize the garbage can as a place with “collections of choices looking for problems, issues and feelings looking for decision situations in which they might be aired, solutions looking for issues to which they might be an answer, and decision makers looking for work.”¹²³ In the case of Simpson-Bowles, the fiscal problem existed before the commission, motivating its creation. At this stage the problem and policy streams overlapped. However, the package never received the political endorsements it needed.

Looking at Kingdon’s model answers whether or not the Simpson-Bowles package is still alive. The answer is yes. Simpson-Bowles, when considered as a policy stream, is still alive.

¹²⁰ Cohen, March, and Olsen, “A Garbage Can Model of Organizational Choice.”

¹²¹ Kingdon, *Agendas, Alternatives, and Public Policies*.

¹²² Ibid.

¹²³ Cohen, March, and Olsen, “A Garbage Can Model of Organizational Choice.”

Furthermore, our country continues to face a difficult fiscal situation, keeping the problem stream alive as well. The only thing missing is the political endorsements. The package is in the garbage can, waiting for the window when all three streams coincide.

Section V: Simpson-Bowles: Lessons Learned

The lessons learned in the previous sections highlight what sort of political strategies can help advance the Simpson-Bowles package in the future. Recommendations include media strategy, ways to frame the policy proposals, and political timing.

Finding the Political Window

Simpson-Bowles lost a lot of traction because it lacked the right political endorsements. Support from the President is especially crucial to any success of the package. When the commission got started, many believed if it was successful it would be because it had the backing of the President.¹²⁴ When the final report did not receive either the required 14 votes on the commission or a Presidential endorsement, the policy went back into the garbage can.¹²⁵

Many of those involved with the commission or reporting on it agree that if Simpson-Bowles has a future it has to come from the President, and most likely a new one.¹²⁶ This means that the political window is unlikely to open before 2016.

Honing a Media & Public Opinion Strategy

It may be effective to frame Simpson-Bowles as good government, but to avoid equating that with claims that it is a centrist or moderate policy. Eventually it may become clear that these claims lack depth.

The good news for Simpson-Bowles is that it has earned the reputation of symbolizing good government and compromise. The bad news for future promotion of the package is that the coverage has not fully explained all sides, nor given enough airtime to the plan's critics. Ultimately, the "good government" reputation may get you part of the way but that argument won't sustain Simpson-Bowles unless people understand what's in it.

¹²⁴ Reidy, interview.

¹²⁵ Kingdon, *Agendas, Alternatives, and Public Policies*.

¹²⁶ Reidy, interview; Montgomery, interview; Conrad, interview.

Polling trends generally support what is in the media. There is a significant percentage of the population that is aware and supportive of Simpson-Bowles. However, having a longer and more specific conversation about the issues at stake and the tradeoffs involved in any given proposal increases support dramatically. Understanding the best ways to talk about Simpson-Bowles with the public could have tremendous effects on the future success of the package.

The analysis of the polling data reveal that the more specific the question, the more support it earned. Additionally, while the focus groups don't necessarily highlight a magic method of framing Simpson-Bowles, it is clear that certain arguments work better with different audiences. Similarly, it is clear that more discussion about the issue makes people more amenable to the proposals. As more individual policy tradeoffs are introduced and discussed, the more people support the whole package. To really earn support for Simpson-Bowles, it needs to be discussed specifically but also holistically.

Appendix A: Make-up of the National Commission on Fiscal Responsibility and Reform

Members of Congress Appointed by Congressional Leadership:

Republican Senators

- Sen. Tom Coburn (R-OK)
- Sen. Mike Crapo (R-ID)
- Sen. Judd Gregg (R-NH)

Democratic Senators

- Sen. Max Baucus (D-MT)
- Sen. Kent Conrad (D-ND)
- Sen. Richard Durbin (D-IL)

Republican Representatives

- Rep. Dave Camp (R-MI 4)
- Rep. Jeb Hensarling (R-TX 5)
- Rep. Paul Ryan (R-WI 1)

Democratic Representatives

- Rep. Xavier Becerra (D-CA 31)
- Rep. Jan Schakowsky (D-IL 9)
- Rep. John Spratt (D-SC 5)

Members Appointed by President Obama:

- David Cote, Chairman and CEO, Honeywell International
- Ann Fudge, Former CEO, Young & Rubicam Brands
- Alice Rivlin, Senior Fellow, Brookings Institute and former Director, Office of Management & Budget
- Andrew Stern, President, Service Employees International Union

Appendix B: Media Analysis Methodology

Media Analysis Methods

To get an initial snapshot of what has been done to analyze how the media covered Simpson-Bowles, Columbia Journalism Review articles monitor and analyze media coverage. I did a search for “Simpson-Bowles” appearing in CJR articles. These articles point out some initial themes on how the press talked about the Simpson-Bowles report.

To confirm the trends CJR identified, I did my own search using the database NewsBank. I searched for instances between January 2010 and December 2011 where “Simpson-Bowles” was mentioned in local or regional papers. I focused on local editorials, discounting any syndicated columns, to see how newspaper outside the major national publications received Simpson-Bowles. Generally these findings supported the themes CJR discussed, but the content of local editorials also portrayed the national attitude toward Simpson-Bowles.

Appendix C: Fix the Debt Polling & Focus Group Methodology

Fix the Debt Poll Methods

Respondents were called using both landlines and cell phones. The sample size was 800 likely 2014 voters. Calls were made between October 4 and 8, 2013.

Focus Groups

The two focus groups referenced in this paper were conducted in Alexandria, Virginia (Democrats) and Orlando, Florida (Republicans). They were approximately two hours in length. The Republican group had 7 participants, and the Democratic group had 10 participants.